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RUEAHLH/HOMELAND SECURITY CENTER WASHDC

UNCLAS NAIROBI 002326

SENSITIVE

DEPT FOR AF/E, AF/RSA, AND AF/EPS
DEPT FOR EEB/TRA J EMERY
DEPT ALSO PASS TO DOT FOR CORNELIA (CONNIE) HUNTER
TSA FOR JILLENE MACCREERY, CARLOS DE LA TORRE, AND MIRIAM MOSES
FAA FOR DONNA KRIMSKI
FAA REPRESENTATIVE DAKAR

SIPDIS

E.O. 12958: N/A
TAGS: [EAIR](#) [ECON](#) [ASEC](#) [PTER](#) [KCRM](#) [KE](#)
SUBJECT: KENYA'S FLIGHT TOWARDS FAA "CATEGORY-1" STALLS

REF: NAIROBI 2041

¶1. (SBU) Summary: A plan by Prime Minister Odinga to provide the Kenya Civil Aviation Authority (KCAA) with resources to quickly hire and retain inspectors to certify Kenya Airways' (KQ) fleet is languishing in Cabinet. KCAA needs these inspectors onboard now to certify KQ's Boeing 737s, 767s, and 777s as the crucial next step towards FAA Category 1 and direct flights to the United States. Ministry of Transportation PermSec Ali remains confident in near-term Cabinet approval, but concedes the upgrade may still leave KCAA short of the resources needed to hire/retain the inspectors. Meanwhile, KQ's CEO indicates direct flights to the U.S. may not be in the airline's financial interest. Nevertheless, we will continue to push for Kenya's achievement of Category 1 as safer skies help protect tens of thousands of Americans who fly in Kenya - and on KQ - each year. End Summary.

¶2. (SBU) Reftel reports inter alia on an August 2008 plan by Prime Minister Odinga and Transportation Minister Mwakwere to quickly upgrade the para-statal status of the Kenya Civil Aviation Authority (KCAA). According to Odinga and Mwakwere in August, once upgraded, KCAA would have the resources to hire the three inspectors (two covering flight ops, the other airworthiness) needed to certify Kenya Airways' (KQ) diverse fleet of aircraft, including Boeing 737s, 767s, and 777s. Kenya must hire/retain these inspectors as the crucial next step toward achieving FAA Category 1. Category 1 is a prerequisite for direct flights to the U.S., allowing Kenya to take full advantage of the June 2008 Open Skies agreement signed by Odinga in Washington. Delta Airlines continues to plan for direct flights beginning in June 2009.

¶3. (SBU) During an October 6 meeting with a GAO civil aviation study team, the DCM, EconOffs, and the Managing Directors of KCAA and the Kenya Airports Authority, Ministry of Transportation PermSec Ali indicated that Cabinet approval of the para-statal upgrade is forthcoming. He cautioned, however, that the upgrade "may not be enough" to provide KCAA with the resources it needs to hire/retain the necessary inspectors. He said the Ministry was working on "a package" to resolve the compensation issue within the next few weeks; the package would need the support of the highest levels of government, he added.

¶4. (SBU) According to PermSec Ali, over the long-term the GOK plans to increase the supply of inspectors (and lower their price tags) through higher turnout at KCAA's East Africa School of Aviation. In response to a question from the DCM regarding KQ's interest in flying direct to the U.S., Ali - noting his membership on KQ's Board - said it was "desirous." Horticulture and tourism would directly

benefit, he said. The Managing Directors of KCAA and KAA agreed with the benefits of direct flights and expressed sincere appreciation for U.S. assistance under the "Safe Skies for Africa program."

15. (SBU) KQ CEO Titus Naikuni told us October 7 that he was "still thinking about" whether direct flights to the U.S. were in the airline's financial interest, assuming achievement of Category 1. He expressed some consternation that Delta planned to start direct U.S.-Kenya service in June 2009 without reciprocity for KQ. The CEO said he supported KCAA's para-statal upgrade, noting that KQ had avoided poaching by Middle Eastern airlines by paying internationally competitive salaries.

16. (SBU) Comment: Kenya is at a crossroads. By signing the June 2008 Open Skies agreement, Kenya signaled its desire to operate direct flights to the U.S. But Kenya either underestimated or ignored the structural and policy changes that must be implemented in order for it to take advantage of the agreement. While the government is now aware of and pursuing the necessary structural and policy changes needed to achieve FAA Category 1 status (i.e., security upgrades to Jomo Kenyatta Airport and certification of all of Kenya Airways aircraft), the management - and some of the major shareholders - of Kenya Airways are ambivalent about the U.S. market on commercial grounds. Kenya Airways is the only Kenyan carrier capable of flying to the U.S. and its market plan is clearly focused on the Middle East, Asia and Europe. The airline is 26 percent owned by the Air France/KLM (and now NW and Delta) consortium. The Government of Kenya/Ministry of Transportation has a minority (23 percent) share and it may well face an uphill battle persuading other ministries and the airline's owners of the need to expend considerable financial resources to achieve Category 1 status. In the meantime, at least one American carrier - Delta - is gearing up to commence direct flights between the U.S. and Kenya. That said, our interests are clear and we will continue to push Kenya to achieve Category 1 status so that the security of the tens of thousands of Americans who fly to/from and in Kenya every year - largely on KQ - are protected by safer skies. End Comment.

SLUTZ